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NSC FOR ELIOTT ABRAMS
STATE FOR NEA/RA LAWSON

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SUBJECT: THE RED SEA - DEAD SEA CONVEYANCE PROJECT: A
CONDUIT FOR REGIONAL COOPERATION?

1. (SBU) SUMMARY AND RECOMMENDATION: Sunday afternoon's World Economic Forum (WEF) panel session on the Red Sea - Dead Sea canal was noteworthy for the first-ever public meeting of the Palestinian Minister of Planning, the Israeli Minister of National Infrastructure, and the Jordanian Minister of Water and Irrigation to discuss the project. Jordan has historically been the most aggressive proponent of the project (and probably has the most to gain), with Israel supportive, and the Palestinian Authority (PA) often marginalized. Some politics crept into the forum when the Israelis showed their reservations by talking of the Palestinians as "potential partners"-clearly signaling a longstanding concern that recognizing a Palestinian right to the Dead Sea might constrain the Israeli position in subsequent territorial negotiations. Similarly, the Palestinians raised their political concerns that the project might compromise their negotiating position on water rights, a prickly final status issue. Despite these political concerns, both the Israelis and Palestinians expressed great interest in further pursuing the project.

2. (SBU) The WEF panel did not directly address the cost (estimated at between \$10-13 million) of a comprehensive feasibility study outlined in the draft Terms of Reference (TOR) prepared by the World Bank, and only the Jordanian minister hinted at the \$1 billion needed for the initial phase of the expected \$5-6 billion project. In a subsequent discussion with the Jordanian Minister of Water and Irrigation, he shared with us that his government as well as the Israeli government each are committed to contribute \$1 million towards the feasibility study. He also told us that the Swiss government offered \$1 million and the Italians are expected to make an unspecified contribution as well. The minister confided to us that the three parties would be forwarding a formal request to Washington to help finance the feasibility study with other international donors.

3. (SBU) We recommend that Washington encourage the Jordanians, Palestinians, and Israelis to reach agreement on the TOR so that it meets each of the parties' requirements. Once the three core parties invite the U.S. to become involved, we should participate to the extent possible to facilitate the regional cooperation. Finally, we recommend that the U.S. join the international donor group already forming to help finance the comprehensive feasibility study.
END SUMMARY AND RECOMMENDATION.

THE POLITICAL CONTEXT

4. (SBU) The Jordan River Basin is shared by five riparians-Lebanon, Syria, Jordan, Israel and the PA-and plays a critical role in their individual and collective well-being. Water is also an important element in regional cooperation and security. Water will continue to be an important part of any future agreement among all beneficiaries of the Basin and may well serve as key contributor to a foundation for comprehensive peace, security, and cooperation in the region.

5. (SBU) A trilateral Jordanian/Israeli/U.S. initiative from the mid-1990s declared the Jordan Rift Valley a strategic development zone. The objective of this initiative is to strengthen economic integration and cooperation through development and construction of infrastructure and services between Jordan and Israel, supported by public and private sector investments. Plans intended to help with the integrated water resources planning and management of the Jordan Rift Valley, have been developed through a consultative process among Israel, Jordan, and the PA and with assistance from the donor and the financial communities. The proposed Red Sea - Dead Sea Water Conveyance Project (RDP) is one such scenario. The RDP concept is one of the projects being promoted by Jordan and Israel, and indirectly by the PA.

16. (SBU) As articulated by the parties, individually and/or jointly, notably at the Johannesburg Summit on Sustainable Development last year and at the Third World Water Forum in Kyoto this spring, the shared public vision of the RDP is:

- "saving" the Dead Sea;
- making drinking water available at affordable prices to Jordan, Israel, and the PA;
- building a symbol of peace and cooperation in the region.

17. (SBU) The RDP would constitute a major opportunity for the stakeholders to work together to prepare, construct, and operate the project. The PA has been following the proceedings without being directly involved up to this point. It will be important in the near future for the PA to be directly involved in the feasibility study process.

18. (SBU) If water resources management is to be established on a cooperative basis, a process and a framework for cooperation need to be developed. Global interest in this project and the sustainability of water resources in the region will greatly depend on the degree of cooperation demonstrated by the beneficiary parties.

19. (SBU) While currently sharing water through water rights and treaties, Jordan, Israel, and the PA may find it to their advantage, individually and collectively, to move towards sharing the benefits that can be generated from the water and the shared vision. The RDP, if proven feasible, could well provide a practical vehicle for working together to bring this about.

THE TECHNICAL CONCEPT

10. (SBU) The concept of an inter-sea transfer between the Red Sea and Dead Sea has been studied in many forms since the 1800s and more seriously since the mid-20th century. The 400-meter difference in elevation between the Red Sea and the Dead Sea creates a gravity flow advantage and considerable potential for the generation of hydropower. The present concept, stemming from earlier peace negotiations between Jordan and Israel, proposes an alignment from the Red Sea that generally follows the border between the two countries, but lies entirely in Jordanian territory.

11. (SBU) Under consideration is a design that places a high priority on restoration of the Dead Sea and involves three phases: (1) Red Sea water conveyed to the Dead Sea via a conduit; (2) a desalination facility to be built close to the Dead Sea to produce potable water from part of the water transferred and to provide energy; and (3) potable water distribution via pipelines to municipalities in Jordan, the PA, and Israel.

12. (SBU) Transferring water from the Red Sea to the Dead Sea means many things to the stakeholders and beneficiaries, including:

- arresting and reversing the environmental degradation of the Dead Sea region;
- protecting a unique region of the world with cultural, religious, and political significance;
- driving economic development of the Dead Sea area, focusing on the expansion of tourism activities and the protection of the extractive potash industry;
- involving government entities in the region to work together on a major project of mutual interest, increasing the prospects for stability, security, and prosperity in the region;
- alleviating the medium- to long-term drinking water needs in Jordan, Israel, and the PA.

At times, the project has been viewed as a water supply project with positive environmental benefits, while more recently it has been promoted as an environmental project with potential water supply benefits--probably a result of pandering to environmental sensitivities.

13. (SBU) At the request of Jordan, the World Bank recently developed the TOR for a feasibility study on the latter approach to the RDP. The principal objective of the feasibility study is to help determine whether or not the concept of transferring water from the Red Sea to the Dead Sea makes environmental and economic sense, and what would be the impact of the project on the region. There has been a particular environmental concern about the effect of mixing the two waters whose properties are significantly different from each other. Although the scope of the TOR is somewhat limited geographically and technically, it is designed to be carried out within a comprehensive development framework with a multidisciplinary approach, involving the full range of economic, financial, technical, environmental, social, and political issues.

14. (SBU) COMMENT AND RECOMMENDATION: We were extremely pleased to see the Jordanians, Palestinians, and Israelis jointly promote the RDP at the recent extraordinary meeting of the WEF. It was the first such public declaration of intent by the three parties to move forward on the RDP. Previous fora, such as last year's Johannesburg World Summit on Sustainable Development, only brought together the Jordanians and Israelis. Despite some minor political statements on the part of both the Israeli and Palestinian ministers, the tri-lateral support for the project was clearly there. We also found broad support for the project from other WEF attendees. To the extent possible, the U.S. should support the Jordanians, Palestinians, and Israelis as they seek to develop the TOR of the RDP feasibility study acceptable to all. We understand that the three parties will formally request the U.S. government to participate shortly. Given the apparent commitment by Jordan and Israel to partially finance the feasibility study, as well as the willingness of the Swiss and Italians to also contribute to its cost, we recommend that Washington join the international donor consensus.

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